

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 25-137—sHB 6930

General Law Committee

**AN ACT CONCERNING THE SOCIAL EQUITY COUNCIL'S
RECOMMENDATIONS REGARDING SOCIAL EQUITY PLANS,
STRATEGIC PLANNING, ETHICS, LICENSE RENEWAL FEES,
FINANCIAL ASSISTANCE APPLICATIONS AND POLICIES AND
PROCEDURES**

SUMMARY: This act makes various changes related to the Social Equity Council and social equity applicants (in relation to certain cannabis licenses).

The act requires each cannabis establishment to maintain an active social equity plan and submit an annual report on the plan to the Social Equity Council for review. It requires the council to develop a three-year strategic plan, adopt a code of ethics, and require its staff to complete an annual ethics training course. The act also removes a provision that previously deemed council members to have resigned if they miss a certain number of meetings, and instead allows the council to remove these members by majority vote (§ 1).

The act addresses change in ownership procedures and the effect of certain changes in ownership on renewal fees. By law, certain social equity applicants pay 50% of the renewal fee for the first three renewal cycles. Under the act, a cannabis establishment licensee is not entitled to pay a reduced license renewal fee if the business is sold or ownership changes during the three years after a final license is issued, and the sale or change is made to anyone other than a social equity applicant. The act also extends, by one year, the maximum effective period of the council's policies and procedures on ownership changes for social equity applicants. (PA 25-166, §§ 15 & 46, extends the policies and procedures provision by 15 months instead of one year.)

Finally, the act sets a 120-day deadline for the Department of Economic and Community Development (DECD) and the council to approve or deny an application for financial assistance for certain low-interest loans to social equity applicants under the Canna-Business Revolving Loan Fund.

EFFECTIVE DATE: Upon passage

§ 1 — SOCIAL EQUITY COUNCIL MEMBER REMOVAL

Under prior law, Social Equity Council members were deemed as having resigned if they missed three consecutive meetings or 50% of the meetings in a calendar year. The act instead allows them to be removed from office for these reasons by a simple majority vote of the council members. As under prior law for resigned members, the appointing authority must fill the vacancy.

§ 1 — ACTIVE SOCIAL EQUITY PLANS

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The act requires each licensed cannabis establishment to (1) maintain an active social equity plan while the establishment is operating and (2) starting by March 1, 2026, annually submit to the Social Equity Council a report on the plan's impact during the prior year on the disproportionately impacted area where the establishment is located.

Under the act, the council must review each submitted report and may, within 60 days after completing the review, ask an establishment to revise its social equity plan to ensure that it furthers the principles of equity.

By law, all cannabis establishments applying for a final license must submit a social equity plan to the council for review and approval. Generally, the plan must address social, economic, and cultural needs in locations identified as being disproportionately impacted by drug laws.

By law, a "cannabis establishment" is a cannabis producer, dispensary facility, cultivator, micro-cultivator, retailer, hybrid retailer (one licensed to sell both recreational cannabis and medical marijuana), food and beverage manufacturer, product manufacturer or packager, delivery service, or transporter.

§ 1 — STRATEGIC PLAN AND ETHICAL CODE OF CONDUCT

The act requires the Social Equity Council, by October 1, 2025, to develop and submit a strategic plan to the governor and the Appropriations and General Law committees. The plan must include a framework outlining the council's goals, planned actions, and priorities for the three-year period from October 1, 2025, through September 30, 2028.

The act also requires the council, by October 1, 2025, to develop and adopt an ethical code of conduct for council members and staff. Starting by January 1, 2026, the council members and staff must annually complete an ethics training course on disproportionately impacted areas and the cannabis industry.

§ 2 — SALE OR CHANGE IN OWNERSHIP AND POLICIES AND PROCEDURES EXTENSION

Existing law requires the Social Equity Council to adopt regulations to prevent a cannabis establishment license awarded to a social equity applicant from being sold to someone other than another social equity applicant during the provisional licensure period and for three years after final licensure, except when the backer has died or has a condition (e.g., a physical or mental illness) that would interfere with the backer's ability to operate.

Under the act, if the council approves any sale or change of ownership or control of a license awarded to a social equity applicant during the three years following a final license issuance, and the sale or change in ownership or control is not to a social equity applicant, then the licensee must be treated like one without social equity status starting on the approval date. The new licensee is no longer eligible to pay reduced license renewal fees.

Existing law requires the council to issue policies and procedures to implement

the change in ownership provisions before final regulations are adopted. The act extends the maximum effective period of these policies and procedures from July 1, 2025, to July 1, 2026, if regulations have not been submitted to the Regulation Review Committee. As under existing law, the policies and procedures are no longer effective once regulations are adopted.

PA 25-166, §§ 15 & 46, repeals and replaces these provisions with an identical sale or change in ownership provision, but extends the policies and procedures provision by 15 months instead of one year as under this act and makes a technical change.

§ 3 — CANNA-BUSINESS REVOLVING LOAN FUND

Existing law requires DECD and the council to jointly establish a revolving loan program to provide, among other things, low-interest loans to social equity applicants, municipalities, or nonprofits to rehabilitate, renovate, or develop unused or underused real property for use as a cannabis establishment.

The act requires DECD and the council to approve or deny a completed application within 120 days after receiving the application with all the required information and documentation. If DECD and the council deny an application, the applicant may reapply without prejudice and may submit a new application.

BACKGROUND

Social Equity Council

By law, the Social Equity Council is charged with, among other duties, promoting and encouraging full participation in the cannabis industry by people from communities disproportionately harmed by cannabis prohibition.